GOVERNMENT OF INDIA
PANCHAYATI RAJ
LOK SABHA

UNSTARRED QUESTION NO:5643
ANSWERED ON:16.05.2007
INCENTIVES TO PRIVATE COMPANIES WORKING IN RBH
Meghwal Shri Kailash

Will the Minister of PANCHAYATI RAJ be pleased to state:

(a) whether the Government proposes to give incentives in the form of soft loans/tax soaps to the private companies partnering in the Rural Business Hubs (RBH);

(b) if so, the details thereof;

(c) whether the Government is considering a tie-up between RBH and Distributed Generation (DG) and Rural Electrification Scheme being complimentary to each other; and

(d) if so, the details thereof?

Answer

THE MINISTER OF PANCHAYATI RAJ [SHRI MANI SHANKAR AIYAR]

(a) & (b): No, Sir. RBHs are not being incentivized by giving tax breaks or soft loans, but by converging extant schemes of State and Central Governments, as well as financing institutions/banks and promotional bodies, to promote integrated business relationships between decentralized rural production units and larger corporate entities through the intermediation of the Panchayats.

(c) & (d): The Electricity Act, 2003 enjoined the Central Government to formulate a National Policy for rural electrification and for the management of local distribution in rural areas through Panchayati Raj Institutions (PRIs) or franchisees. The Rural Electrification Policy, approved in 2006, stated that electricity has been recognized as a basic human need and further that a village would be classified as electrified based on a Certificate issued by the Gram Panchayat. The Gram Panchayat shall certify and confirm the electrified status of the village as on 31st March each year. Panchayati Raj Institutions would have both a supervisory as well as advisory role in rural electrification and electricity supply. The State Government could encourage Panchayati Raj Institutions to take on the responsibility of franchisees as and when they are deemed ready to undertake contractual obligations, raise resources and discharge associated legal responsibilities. Panchayati Raj Institutions will have an important role in overseeing the delivery of services by franchisees in accordance with their identified responsibility, in an advisory capacity.

Under the Franchisee Guidelines of the Rajiv Gandhi Grameen Vidyutikaran Yojana 2006, Panchayati Raj Institutions are perceived as the primary interface for communication and advocacy of a participatory approach towards rural distribution management. With these provisions in view, a series of MoUs have already been entered into in the State of Karnataka between Panchayati Raj Institutions and electricity generation and distribution companies (both public and private sector), to promote Rural Business Hubs.